

BETTY T. CASON and
ROBERT F. CASON, et al.,
on behalf of themselves and all others
similarly situated,

V.

Defendant.

Class Action

605

Whereas, No timely objections¹ were filed in opposition to the Settlement Agreement, and any contrary arguments raised at the Fairness Hearing were untimely and without merit even if they had been appropriately and timely presented;

Whereas, counsel for all parties appeared before the Court at a Fairness Hearing on March 24, 2003 (the “Fairness Hearing”);

Whereas, For the reasons set forth from the bench at the Fairness Hearing, the Court finds that the Settlement Agreement is fair, adequate, and reasonable and consistent with the public interest;

IT IS THEREFORE ORDERED THAT:

1. This Order incorporates by reference all findings in the February 24, 2003 Order of Preliminary Approval, as well as the definitions in the Settlement Agreement, and all terms used herein shall have the same meanings as set forth in the Settlement Agreement;
2. The Settlement Agreement is granted Final Approval without modification;
3. This Court’s Order of October 16, 2002 is modified to define the following Settlement Classes in this action as follows:


African American Class. All African-American car buyers who have entered or will enter into a retail installment contract that was or will be assigned to NMAC during the period January 1, 1990 through the Effective Date of the Settlement Agreement;

¹ An objection by Yehuda Sharon, a non-class member, was withdrawn as set forth in Docket No. 603.

Hispanic Class. All Hispanic car buyers who have entered or will enter into a retail installment contract that was or will be assigned to NMAC during the period January 1, 1990 through the Effective Date of the Settlement Agreement.

4. Plaintiffs and their counsel's attorney fee request in the amount of six million dollars (\$6,000,000) is approved, to be paid in accordance with the Settlement Agreement;
5. Plaintiffs and their counsel's request for costs and expenses in the amount of four hundred ninety thousand dollars (\$490,000) is approved, to be paid in accordance with the Settlement Agreement.
6. A separate order of dismissal of this action with prejudice will be entered.

IT IS SO ORDERED.


TODD J. CAMPBELL
UNITED STATES DISTRICT JUDGE

2. By Order dated October 16, 2002, the Court certified this Litigation to proceed as a class action pursuant to Rule 23(b)(2) of the Federal Rules of Civil Procedure on behalf of a class consisting of “all African-American consumers who obtained vehicle financing from NMAC in the United States pursuant to NMAC’s ‘retail plan – without recourse’ between January 1, 1990 and the date of judgment” for purposes of declaratory and injunctive relief only.
3. The Plaintiffs have filed a proposed Eighth Amended Complaint, dated February 18, 2003, which seeks only declaratory and injunctive relief on behalf of an African-American Class and a Hispanic Class. The Plaintiffs are granted leave to file their Eighth Amended Complaint and the Court Clerk is directed to file the same.
4. The trial of this matter, which is currently scheduled for February 24, 2003, is continued and will be set, if necessary, by further order of the Court.
5. The parties have agreed to the following Settlement Classes:

African-American Class All African-American car buyers who have entered or will enter into a retail installment contract that was or will be assigned to NMAC during the period January 1, 1990 through the Effective Date of this Settlement Agreement.

Hispanic Class All Hispanic car buyers who have entered or will enter into a retail installment contract that was or will be assigned to NMAC during the period January 1, 1990 through the Effective Date of this Settlement Agreement.

6. The Plaintiffs have filed declarations of Alberto Zayas and Mario Plaza which set forth their basis for serving as class representatives of the Hispanic class. The Court has previously found that Betty T. Cason, Robert F. Cason, Donald Snead, Wanda Snead, Stephanie A. Vaughn, Chawnecy D. Vaughn, Mary Cheatham and Clyde Cheatham are adequate representatives of the African American class. Based on the Court's review of the Eighth Amended Complaint, argument of counsel and the entire record, the Named Plaintiffs are certified as adequate representatives of the Settlement Classes and their claims are deemed to be typical of the members of the Settlement Classes, and the following counsel are deemed to adequately represent the Settlement Classes: Law Offices of Clint W. Watkins, 5214 Maryland Way, Suite 402, Brentwood, TN 37027; Terry & Gore, 209 Tenth Avenue South, Suite 310, Cummins Station, Nashville, TN 37203; Gilmore Law Office, 116 Court Street, P.O. Box 729, Grove Hill, AL 36451; Bernstein Litowitz Berger & Grossmann LLP, 1285 Ave. of the Americas, 33rd Fl., New York, NY 10019; National Consumer Law Center, 77 Summer Street, 10th Fl., Boston, MA 02110, and Grant & Roddy, 44 School Street, Boston, MA 02108.
7. Based on the Court's preliminary review of the Settlement Agreement, argument of counsel and the entire record, the parties' Joint Motion for Preliminary Approval of Settlement Agreement is granted.
8. A hearing (the "Fairness Hearing") shall be held before this Court on March 24, 2003, at 12:00 noon, to determine (i) whether the proposed Settlement and compromise of this Litigation as set forth in the Settlement Agreement is fair, adequate and reasonable and should be approved by the Court; (ii) whether the

request of Class Counsel for approval of attorneys fees, costs and reimbursement of expenses is fair and reasonable and should be approved.

9. The Court has determined that because in its October 16, 2002 Order, it declined to certify any class for monetary relief, certified a class under Rule 23(b)(2) for declaratory and injunctive relief only and because the Settlement Agreement does not propose to release any claims for monetary relief other than the Named Plaintiffs, no notice to the Settlement Classes is required.
10. Any interested person may appear at the Fairness Hearing to show cause why the proposed Settlement should or should not be approved as fair, reasonable, adequate, and in good faith and/or why the request of Class Counsel for approval of attorneys' fees, costs and reimbursement of disbursements, as requested, should or should not be approved as fair and reasonable; provided, however, that no person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement or the fees, costs, and disbursements requested by Class Counsel, unless that person has (i) sent or delivered written objections and copies of any supporting papers and briefs so that they are received no later than March 17, 2003, upon counsel below:

Clint W. Watkins, Esq.
Law Office of Clint Watkins
5214 Maryland Way
Suite 402
Brentwood, TN 37027

Co-Counsel for Plaintiffs

- and -


Charles J. Mataya, Esq.
Boult, Cummings, Conners & Berry, PLC
414 Union Street, Suite 1600
P.O. Box 198062
Nashville, TN 37219

*Co-counsel for Defendant Nissan Motor Acceptance
Corporation*

and (ii) has filed said objections, papers and briefs, showing due proof of service upon said counsel with the Clerk of the United States District Court for the Middle District of Tennessee, Nashville, Tennessee.

11. All memoranda, affidavits, declarations and other evidence in support of request for approval of the Settlement and request for approval of attorneys' fees, costs and reimbursement of expenses shall be filed on or before March 19, 2003.

IT IS SO ORDERED:


HONORABLE TODD J. CAMPBELL
UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT IN
FOR THE MIDDLE DISTRICT OF TENNESSEE
AT NASHVILLE

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CLERK'S OFFICE

FEB 18 2003

U.S. DISTRICT COURT
MID. DIST. TENN.

BETTY T. CASON, ROBERT F. CASON,)
DONALD SNEAD, WANDA SNEAD,)
STEPHANIE A. VAUGHN, CHAWNECY)
D. VAUGHN, MARY CHEATHAM,)
CLYDE CHEATHAM, ALBERTO)
ZAYAS, and MARIO ALBAN PLAZA, on)
behalf of themselves and all others)
similarly situated,)

Plaintiffs,)

v.)

NISSAN MOTOR ACCEPTANCE)
CORPORATION,)

Defendant.)

No. 3-98-0223

JUDGE CAMPBELL

Class Action

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the following parties:

Nissan Motor Acceptance Corporation, including its division, Infiniti Financial Services;

and

Betty T. Cason, Robert F. Cason, Donald Snead, Wanda Snead, Mary Cheatham, Clyde Cheatham, Stephanie A. Vaughn, Chawnecy D. Vaughn, Alberto Zayas and Mario Alban Plaza, on behalf of themselves and the classes of persons defined below.

1. Introduction

1.1 Nissan Motor Acceptance Corporation (NMAC) is a California corporation that finances the purchase of automobiles in the United States. NMAC provides lease and retail financing for Nissan and Infiniti vehicles, as well as used vehicles of all makes, at participating Nissan and Infiniti dealers throughout the United States.

1.2 Plaintiffs and the classes they represent are African-Americans and Hispanics whose vehicle retail installment contracts were or will be assigned to NMAC by Nissan and Infiniti dealers, after NMAC's approval of a credit application submitted to it by a participating dealer.

1.3 Consumers whose contracts are assigned to NMAC must sign a retail installment contract with a participating Nissan or Infiniti dealer and be approved for credit by NMAC. The retail installment contract includes an annual percentage rate or "APR."

1.4 When reviewing credit applications, NMAC employs a risk-based credit pricing system that uses higher rates for higher risk applicants by assigning applicants to credit tiers. Each credit tier has a corresponding "buy rate", which is the minimum rate at which NMAC will accept an assignment of the contract.

1.5 Consistent with industry practice, NMAC compensates dealers for the assignment of retail installment contracts. Dealers are either paid a flat fee or a portion of the difference between the buy rate and the APR. A positive difference between the APR and the buy rate is commonly known as markup.

1.6 Plaintiffs originally filed this lawsuit in February 1998. Plaintiffs allege that NMAC has a markup policy that causes a disparate impact on African-American and Hispanic applicants in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.* (“ECOA”).

1.7 Plaintiffs allege that the imposition of markup is purely subjective and that African-Americans and Hispanics are more likely to be marked up than similarly-situated white buyers. Plaintiffs also allege that the average markup on the contracts of African-Americans and Hispanics is higher than the average markups on the contracts of similarly-situated white buyers. Plaintiffs further allege that the disparity in the incidence of markup and the amount of markup cannot be explained by legitimate risk based differences or differences in the cost of service provided. Plaintiffs seek declaratory and injunctive relief, as well as costs of the action and attorney fees. Plaintiffs’ complaint does not seek any form of monetary relief on behalf of class members.

1.8 NMAC denies Plaintiffs’ allegations. NMAC contends that its conduct with respect to each class member and to the classes as a whole does not violate the ECOA. NMAC further contends that class certification is improper given the individualized nature of these transactions, the involvement of independent dealers, and the variation in NMAC pricing policies over the years.

1.9 NMAC also contends that its pricing practices are a necessary and lawful by-product of market competition for dealer contracts. NMAC further contends that it has a nominal 2.5% market share of retail contracts from dealers, and that NMAC’s credit pricing methods, including markup, are used by NMAC’s competitors throughout the automobile finance industry. According to NMAC, markup is an important revenue source in most dealerships, and a

unilateral change by NMAC from the current method of compensating dealers would result in serious, if not fatal, damage to NMAC's retail finance business.

1.10 Plaintiffs acknowledge that markup is a common practice throughout the automobile finance industry and that NMAC has only a 2.5% market share of dealer-originated retail contracts, but Plaintiffs dispute NMAC's contention that markup is a necessary and lawful by-product of market competition. Plaintiffs assert that markup is undisclosed and contend that "competition" is not a valid legal justification for the discrimination that they allege exists.

1.11 On October 16, 2002, the district court certified this case as a class action under Rule 23(b)(2) of the Federal Rules of Civil Procedure. The class was certified on behalf of a class of African-Americans for purposes of declaratory and injunctive relief only. The Court declined to certify a class for any form of monetary relief for the class.

1.12 The parties intend to seek an order from the Court modifying the October 16, 2002 class certification order and stipulating to the entry of an order approving this agreement as to two settlement classes. Those classes will be defined to include African-American and Hispanic consumers. A form of the Order, a copy of which is attached as Exhibit A, shall be submitted therewith preliminarily approving this settlement and providing that a hearing be held to determine whether the settlement is adequate, proper, fair and reasonable ("Preliminary Order").

1.13 The parties and their counsel recognize the risks and costs inherent in litigation. This Litigation is over five years old and has been expensive and time consuming. In the interest of furthering the objectives of the ECOA, avoiding the expense, delay, inconvenience, and risk of further litigation, and avoiding the risk of inconsistent or repetitive litigation regarding

Plaintiffs' claims for declaratory and injunctive relief, the parties desire to resolve the dispute and to fully and finally settle all claims alleged in the Eighth Amended Complaint. The agreement is based on the representations, mutual promises, obligations, and good and valuable consideration set forth in this Settlement Agreement.

2. Definitions

As used in this Settlement Agreement, the terms set forth in this section in boldface type shall have the following meanings:

2.1. Annual Percentage Rate, or APR

The measure of the cost of credit, expressed as a yearly rate, as defined in Regulation Z, 12 C.F.R. § 226.22(a) under the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*

2.2. Buy Rate

The minimum percentage rate at which NMAC approves credit and agrees to accept assignment of a retail installment contract from a dealer.

2.3. Class Complaint

The Eighth Amended Complaint to be filed in this action upon approval of the United States District Court, Middle District of Tennessee, Case No. 3-98-0223.

2.4. Class Counsel

Clint W. Watkins, Law Office of Clint Watkins, Brentwood, Tennessee;

Michael E. Terry, Terry & Gore, Nashville, Tennessee;

Wyman O. Gilmore, Grove Hill, Alabama;

Daniel L. Berger and Darnley D. Stewart, Bernstein Litowitz Berger & Grossmann, LLP,
New York, New York;

Stuart T. Rossman, National Consumer Law Center, Boston, Massachusetts;

Gary Klein, Grant & Roddy, Boston, Massachusetts.

2.5. Class Members

The members of the Settlement Classes as defined in 2.18, below.

2.6. Class Representatives

Betty and Robert Cason, Nashville, Tennessee;

Stephanie and Chawnecy Vaughn, Nashville, Tennessee;

Donald and Wanda Snead, Clarksville, Tennessee;

Clyde and Mary Cheatham, Jackson, Tennessee;

Alberto Zayas, Hialeah, Florida;

Mario Alban Plaza, Miami, Florida.

2.7. Confidential Information

All deal jackets and customer information provided to Class Counsel by Action Nissan and all documents and things produced as discovery materials by NMAC during the course of

this Litigation, including all customer information, electronic data, data dictionaries, dealer bulletins, and audio recordings, and all reproductions of these discovery materials, whether photocopies, scanned copies, electronic copies, printouts, or copies created by any other method of reproduction; and all data or other information produced during the term of this Settlement Agreement, including any data from Nissan North America relating to existing Nissan owners. Notwithstanding the above, all documents and information described in this paragraph that were filed in the public record during the course of this Litigation, unless currently under seal, shall not be deemed Confidential Information.

2.8. Court or District Court

The United States District Court for the Middle District of Tennessee.

2.9. Credit Tier

A category used by NMAC to designate a level of credit risk, currently Tiers I – IV.

2.10. ECOA

The Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.* and its implementing regulations, Regulation B, 12 C.F.R. Part 202.

2.11. Effective Date

The date upon which the latest of all of the following have occurred: (1) approval of the Settlement Agreement by NMAC, Class Counsel, and the Class Representatives; (2) 31 days after entry of an order by the Court giving final approval of the parties' Settlement Agreement, without modification, and dismissing the claims of the Settlement Classes and Class

Representatives with prejudice; and (3) final resolution, including appeals, of all challenges to the Settlement Agreement by any class member or by any intervening or objecting or other party.

2.12. Extended Term Contracts

Retail installment contracts assigned to NMAC that are for a stated term of at least sixty-four (64) months.

2.13. Litigation

The lawsuit pending in the United States District Court for the Middle District of Tennessee styled *Betty T. Cason and Robert F. Cason, et al. v. Nissan Motor Acceptance Corporation*, Case No. 3-98-0223.

2.14. Markup

The percentage rate difference between the Annual Percentage Rate on a retail installment contract and NMAC's buy rate.

2.15. Markup Cap

A limit on the number of percentage points by which the APR on a retail installment contract may exceed NMAC's buy rate.

2.16. NMAC Counsel

Robert E. Hanifen, Jr., Nissan North America, Inc., Torrance, California;

James R. Bruinsma, Dykema Gossett, Chicago, Illinois;

Charles J. Mataya, Boulton, Cummings, Conners, & Berry, Nashville, Tennessee;

Anne P. Fortney, Lovells, Washington, D.C.

2.17. Preapproval No Markup Credit Offer

A firm offer of credit to finance a vehicle at a specific rate that is not contingent on further creditworthiness review.

2.18. Settlement Agreement

This document, which is entitled Settlement Agreement and which has been signed by NMAC, the Class Representatives, Class Counsel, and NMAC Counsel.

2.19. Settlement Classes

The two classes of car buyers as specified below:

African-American Class All African-American car buyers who have entered or will enter into a retail installment contract that was or will be assigned to NMAC during the period January 1, 1990 through the Effective Date of this Settlement Agreement.

Hispanic Class All Hispanic car buyers who have entered or will enter into a retail installment contract that was or will be assigned to NMAC during the period January 1, 1990 through the Effective Date of this Settlement Agreement.

3. Denial of Liability

NMAC expressly denies any wrongdoing or liability. This Settlement Agreement represents the compromise of disputed claims. It reflects the parties' recognition that litigation of

these claims would severely burden all concerned and would require a massive commitment of time, resources, and money. The Settlement Agreement does not constitute, is not intended to constitute, and shall not under any circumstances be deemed to constitute, an admission by either party as to the merits, validity, or accuracy, or lack thereof, of any of the allegations or claims in this Litigation. The Settlement Agreement does not constitute a waiver of any defenses or affirmative defenses NMAC may be entitled to assert in any future litigation, including the applicable statute of limitations.

Nothing in or related to this Settlement Agreement, including any action taken to implement it or any statement, discussions, or communications made, or any materials prepared or issued during the course of negotiations leading up to the Settlement Agreement may be introduced or used or admitted in any way by anyone other than the party who took such action, issued such statements, or prepared such materials in any judicial, arbitral, administrative, investigative, or other proceeding of any kind as evidence of discrimination or any violation of the ECOA, the common law of any jurisdiction, or any other federal, state or local law, statute, ordinance, regulation, rule, or executive order, or any obligation or duty at law or in equity.

If the Settlement Agreement does not become effective, is limited or modified by any court, or is deemed null and void for any other reason, nothing in this Settlement Agreement shall be deemed to waive any of the claims of the Settlement Classes or NMAC's objections and defenses (including its objections to class certification), and neither this Settlement Agreement nor any related proceedings relating to its approval shall be admissible in any court regarding the propriety of class certification or any other issue that is the subject of this Litigation.

4. Term of the Settlement Agreement

This Settlement Agreement shall be effective for a five-year period (the “**Term**”), incepting on the Effective Date.

5. Choice of Law

This Settlement Agreement will be governed by the laws of the State of Tennessee.

6. Return of Confidential Information

Class Counsel acknowledge that during the course of the Litigation, they have received Confidential Information.

The Settlement Classes, Class Counsel, their experts and consultants and others retained by them, as well as the agents of each of them, agree not to disclose any Confidential Information that may have been or may be received from NMAC in connection with the Litigation or the settlement of the Litigation. The Settlement Classes, Class Counsel, their experts and consultants and others retained by them, as well as the agents of each of them, agree not to use any Confidential Information as a basis for any future litigation against NMAC, its officers, directors, employees, parent(s), subsidiaries, affiliates, agents, and/or assigns, or to provide the information to others as a basis for any future litigation against NMAC, its officers, directors, employees, parent(s), subsidiaries, affiliates, agents, and/or assigns. Plaintiffs contend that Nissan and Infiniti dealers are agents of NMAC. NMAC disputes this contention. For purposes of this Settlement Agreement, the term “agents” does not include any Nissan or Infiniti dealer.

Class Counsel shall be responsible for advising their experts, outside consultants, and any other individual acting with, on behalf of, or at the request or direction of Class Counsel of the confidentiality provisions of this Settlement Agreement and shall require each such individual to sign a confidentiality agreement substantially in the form of Exhibit B, and shall provide a copy of each signed agreement to counsel for NMAC.

Class Counsel shall, not later than thirty (30) days after the Effective Date, return all computerized customer and NMAC data to NMAC Counsel and destroy all copies of any such data, including electronic or paper copies of data dictionaries. Notwithstanding the above, all documents and information described in this paragraph that were filed in the public record during the course of this Litigation, unless currently under seal, shall not be subject to this provision.

7. Non-Disparagement Clause

Class Counsel and Class Representatives agree to refrain from disparaging NMAC, Nissan North America, Inc., and/or any Nissan or Infiniti product publicly or in the media. Class Counsel and Class Representatives agree to refrain from taking any action designed to harm the public perception of NMAC, Nissan North America, Inc., or any Nissan or Infiniti product, except as may be required for truthful sworn testimony.

Upon presentation of this Settlement Agreement to the Court for preliminary approval, the parties will issue a Joint Press Statement in the form attached as Exhibit C. The parties agree that NMAC, Class Counsel, and the Class Representatives will not hold a press conference

regarding, or otherwise comment on, this Settlement Agreement or the Litigation until entry of an order granting preliminary approval of the Settlement Agreement by the Court.

8. Release of Claims

8.1. Class Claims Released

In exchange for the good and valuable consideration provided by NMAC as set forth in this Settlement Agreement, the members of the Settlement Classes forever release, waive, discharge, and agree to the dismissal of, with prejudice, the following, except as limited by 8.2, below:

All claims for declaratory, and/or injunctive relief that have been, could have been, or could be made against NMAC, its officers, directors, employees, parent(s), subsidiaries, agents, successors, and assigns under the ECOA that arose or will arise on or before the Effective Date of this Settlement Agreement, and

All race or ethnic status discrimination claims for declaratory and/or injunctive relief that have been, could have been, or could be made against NMAC, its officers, directors, employees, parent(s), subsidiaries, agents, successors, and assigns under any federal or state statutory or common law theory that arise in whole or in part out of the business practices challenged in the Eighth Amended Complaint and that arose or will arise on or before the Effective Date of this Settlement Agreement.

8.2. Class Claims Not Released

Notwithstanding the provisions of 8.1, above, the members of the Settlement Classes shall not be deemed to have released, waived, discharged, or agreed to the dismissal with prejudice of any claims for monetary relief that they may have.

8.3. Class Representative Claims Released

In exchange for the good and valuable consideration provided by NMAC as set forth in this Settlement Agreement, the Class Representatives forever release, waive, discharge, and agree to the dismissal of, with prejudice, the following:

All claims that have been made or could have been made under the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq* against NMAC, its officers, directors, employees, parent(s), subsidiaries, agents, successors, and assigns, including all claims for actual damages and punitive damages.

All claims that have been made or could have been made against NMAC, its officers, directors, employees, parent(s), subsidiaries, agents, successors, and assigns alleging discrimination on the basis of race or ethnic status under any other federal or state statute or common law theory.

8.4. NMAC Claims Released

In exchange for the good and valuable consideration provided by Betty and Robert Cason as set forth in this Settlement Agreement, NMAC forever releases, waives, discharges, and agrees to the dismissal of, with prejudice, all

claims that have been or could have been made against Betty and Robert Cason arising out of or relating to their retail installment contract with NMAC dated August 25, 1995.

NMAC further agrees that, within forty-five (45) days after the Effective Date, it will request that the three major credit bureaus—TransUnion, Experian, and Equifax—delete the NMAC trade line relating to the Casons' August 25, 1995 retail installment contract from the Casons' credit bureau file.

9. Classwide Settlement Relief

In exchange for the good and valuable consideration provided by the Settlement Class as set forth in this Settlement Agreement, NMAC will implement the relief specified below.

9.1. Commitment to ECOA Principles

NMAC is committed to the principles embodied in the ECOA. The purpose of these measures is to advance these principles for all customers of NMAC, including members of the Settlement Classes.

9.2. Cap on Markup

During the Term of the Settlement Agreement, NMAC's maximum Markup Cap will not exceed three (3) percentage points above NMAC's buy rates for each credit tier. NMAC will not accept assignment of contracts where the Markup exceeds three (3) points.

9.3. Markup Cap on Extended Term Contracts

For a three-year period incepting ninety (90) days after the Effective Date, NMAC's maximum Markup Cap on Extended Term Contracts relating to used vehicle purchases will not exceed two (2) percentage points above NMAC's buy rates for each credit tier. NMAC will not accept assignment of Extended Term Contracts for used vehicles where the Markup exceeds two (2) points on Extended Term Contracts.

During the Term of the Settlement Agreement, NMAC's maximum Markup Cap on Extended Term Contracts relating to new vehicle purchases for applicants booked in Tier III or Tier IV will not exceed two (2) percentage points above NMAC's buy rates. NMAC will not accept assignment of Extended Term Contracts in Tiers III and IV for new vehicles where the Dealer Markup exceeds two (2) points.

9.4. Consumer Education

9.4.1. America Saves Campaign

During the Term of the Settlement Agreement, NMAC will pay two hundred thousand dollars (\$200,000) annually for five years (\$1,000,000 total) to the America Saves campaign for personal saving and wealth building. NMAC's payments will be made on or before March 31 during each year that this Settlement Agreement is in effect. If the Effective Date is on or before March 31, 2003, the initial two hundred thousand dollar (\$200,000) payment shall be made on March 31, 2003. If the Effective Date is after March 31, 2003, the initial two hundred thousand dollar (\$200,000) payment shall be made within 30 days after the Effective Date. NMAC's contributions under this Settlement Agreement will be used, to the extent possible, to educate

African-Americans and Hispanics about the automobile financing process. America Saves will set forth its plans for the use of the funds in writing for review by NMAC and the Court.

9.4.2. Consumer Brochures

During the Term of the Settlement Agreement, NMAC will annually mail an educational brochure to existing Tier II, III, and IV customers who are within 6 – 24 months of contract termination. NMAC will mail twenty-five thousand (25,000) brochures per year in the following order of priority—to Tier IV customers who are within 6 – 24 months of contract termination, then to Tier III customers who are within 6 – 24 months of contract termination, and then, only if there are fewer than 25,000 Tier IV and Tier III customers meeting these criteria, to Tier II customers who are within 6 – 24 months of contract termination. The parties will work together in good faith to develop the content of the brochure, which will advise customers regarding the automobile financing process and provide contact information regarding America Saves. NMAC shall be responsible for the costs of printing, purchasing, and/or mailing the educational brochures.

9.5. Plain Language Disclosure

Except as modified below, within one hundred eighty (180) days of the Effective Date and throughout the Term of the Settlement Agreement, NMAC will include the following disclosure in all retail installment contracts it prepares and disseminates to Nissan & Infiniti dealers:

The Annual Percentage Rate May Be Negotiable With The Dealer

This disclosure will be set forth on the front side of the contract, above the signature line, immediately preceding any other pre-signature notices to the buyer, including state-law required notices and permitted acknowledgments of receipt of the contract. The disclosure will be set forth in a bold font no smaller than 12-point type, and centered to the extent possible.

In those states where prior regulatory review and approval is required to implement changes to contract terms, NMAC will have three hundred sixty five (365) days after the Effective Date in which to implement this disclosure.

9.6. Prohibition Against Downward Tier Movements

During the Term of the Settlement Agreement, NMAC will prohibit any movement of an applicant from a more creditworthy tier to a less creditworthy tier for any purpose other than NMAC's customary underwriting criteria in place at that time.

9.7. Dealer ECOA Notification and Education

Within one hundred eighty (180) days of the Effective Date and throughout the Term of this Settlement Agreement, NMAC will distribute a communication to all Nissan and Infiniti Dealers who have entered into a Retailer Agreement with NMAC setting forth NMAC's requirement that dealers comply fully with the requirements of the ECOA. The parties will work together in good faith to develop the communication, which shall inform the dealers of the requirements of the ECOA, and the consequences and litigation risks of not complying with the ECOA. NMAC will distribute this communication to all future Nissan and Infiniti dealers that enter into a Retailer Agreement with NMAC.

9.8. Preapproval No-Markup APR Programs

During the Term of this Settlement Agreement, NMAC will offer Preapproval No-Markup APR programs as outlined below. Two programs will be conducted—an Active Account Preapproval No Markup APR program for Class Members with active NMAC accounts (“Active Account Program”); and a Preapproval No Markup APR Program for Class Members and other African Americans and Hispanics who do not have active NMAC accounts (Non-Active Account Program”).

The objectives of the Preapproval No-Markup APR programs include: (1) to provide consumer education to Class Members and other African-Americans and Hispanics by informing them of promotional rates that they are eligible for on a model by model basis; (2) to provide consumer education to Class Members and other African-Americans and Hispanics by informing them of the specific APR they are eligible for based purely on their objective credit status for Nissan models that do not have a promotional rate; and (3) to provide Class Members and other African-Americans and Hispanics No-Markup and promotional rate financing to facilitate comparison shopping and/or to allow them to consummate No-Markup and/or promotional rate finance transactions through NMAC.

9.8.1. Preparation of a List of Identified Class Members

Within forty-five (45) days after the Effective Date, NMAC will provide Axcion (or an equivalent third-party vendor) access to NMAC’s electronic data regarding persons who financed an automobile through NMAC between January 1, 1990 and the Effective Date, to the extent such data exist. Axcion (or an equivalent third-party vendor) will use these data to

generate a list of consumers who are most likely to be African American or Hispanic (“Identified Class Members”).

As an alternative to the method in the preceding paragraph, Class Counsel may at their option attempt to race identify customers who financed a vehicle purchase through NMAC from January 1, 1990 through the Effective Date. To the extent not already provided and to the extent such data exist, NMAC will provide Class Counsel access to NMAC’s electronic data regarding persons who financed an automobile through NMAC between January 1, 1990 and the Effective Date. NMAC will provide these data within forty-five (45) days after the Effective Date. If Class Counsel elect to attempt to race identify customers, within one hundred eighty days (180) after receipt of the data from NMAC, Class Counsel will provide NMAC with their list of identified class members, which shall be reconciled with the list of Identified Class Members in years 2 – 5 of this Settlement Agreement. Any data that has been or will be provided by NMAC in connection with this subsection of the Settlement Agreement, any race identified data or information obtained or created by Class Members or Class Counsel, and any data subsequently delivered to NMAC by Class Members or Class Counsel will be used exclusively for conducting the Preapproval No Markup Programs in this Settlement Agreement. The Class Members and Class Counsel covenant that they will not retain, distribute, use, or seek to use such data for any other purpose.

9.8.2. Preparation of a List of Identified Preapproval Candidates and Census Tract Preapproval Candidates

Within forty-five (45) days after the Effective Date, NMAC will provide Axciom (or an equivalent third-party vendor) access to data from Nissan North America regarding current or

past registered Nissan owners who do not at that time have an account with NMAC. Axcion (or an equivalent third-party vendor) will use these data to generate a list of consumers from these databases who are most likely to be African American or Hispanic (“Identified Preapproval Candidates”).

Within thirty (30) days after receiving the lists of Identified Class Members and Identified Preapproval Candidates, and each year thereafter during the term of this agreement, NMAC will identify additional customers from its existing portfolio of retail accounts who should be screened for the active account preapproval program. Customers will be selected from ZIP Code or census tracts. NMAC will use its best efforts to select these potential customers by targeting ZIP Code or census tracts with African-American and/or Hispanic (each as defined by the United States Census Bureau) population concentrations of at least 85%, according to the latest available information from the United States Census Bureau. To the extent NMAC is unable to generate a sufficient number of preapproval offers from such ZIP Code or census tracts, NMAC will target tracts with progressively smaller population concentrations of African-Americans and/or Hispanics.

9.8.3. Preapproval Parameters for Active Account Program

NMAC will screen customers in its existing portfolio of retail accounts for the Active Account Program. Each year during the term of this agreement, NMAC shall screen the list of Identified Class Members with active NMAC accounts and the additional customers selected based on Zip Code or census tracts for the Active Account Program. Customers whose contracts are no more than twenty four (24) months and no less than six (6) months from maturity will be

targeted. Preapproved customers must meet NMAC's reasonable and non-subjective credit risk criteria in place at the time of the offering.

9.8.4. Scope of Active Account Program

The Active Account Program will be offered at least once annually, but need not be completed for all customers simultaneously. A minimum of ten thousand (10,000) Preapproval No Markup Credit Offers will be generated annually for a total of fifty thousand (50,000) Preapproval No Markup Credit Offers during the Term of this Settlement Agreement. Preapproval No Markup Credit Offers will not be generated for persons selected through the Zip Code and census tract method until all eligible Identified Class Members with active accounts have received a preapproval offer. After all eligible Identified Class Members with active accounts have received a preapproval offer, the persons who shall receive the remainder of the ten thousand (10,000) Preapproval No Markup Credit Offers each year, if any, shall be selected from the persons identified through the Zip Code and census tract process. Procedures shall be implemented to avoid the issuance of duplicative offers to the same individual. In no case will NMAC be required to generate more than ten thousand (10,000) active customer preapprovals in any year.

9.8.5. Terms of Active Account Program

For those active customers preapproved according to the criteria set forth above, NMAC will issue a preapproval certificate by mail. The certificate and accompanying information will specify that the customer is preapproved for vehicle financing at a participating Nissan dealer for a period of not less than thirty (30) days.

The preapproval will apply only to a new vehicle purchase or a one- to three-year old used Nissan vehicle that replaces the customer's existing NMAC account.

Preapproved customers will be advised that they are approved at a fixed No-Markup APR for their respective Credit Tier. The No-Markup APR will be the lower of (1) NMAC's standard buy rates for that tier in place at the time or (2) any promotional rates offered on particular vehicles in conjunction with Nissan North America. Preapproved customers will be specifically informed of specific APR that they are eligible for on a model-by-model basis and will be specifically informed of the specific APR they are eligible for on models that do not have a promotional rate. Persons who receive and accept NMAC's preapproval offers shall be eligible for financing at the specific rate(s) communicated for any term chosen by the customer between and including twelve (12) and sixty (60) month terms, except that promotional rates offered on particular vehicles may be restricted to specific promotional parameters, including contract terms.

No dealer markup of the APR will be permitted.

The offer will be contingent on the following conditions: the offerees' presentation of the preapproval certificate to a participating Nissan dealer; the offerees' signature on the certificate together with valid proof of identity; and compliance with the parameters regarding rate, term, eligible vehicle purchase, and monthly payment amount. Once issued, the preapproval offer of credit will not otherwise be contingent on any other factor, including any further creditworthiness review.

9.8.6. Preapproval Parameters for Non-Active Account Program

Each year during the term of this agreement, NMAC shall use the lists of Identified Class Members and Identified Preapproval Candidates to identify persons who are not in NMAC's then existing customer database who should be screened for the Non-Active Account Program for persons who do not have active NMAC accounts.

NMAC will prescreen additional potential car buyers who are not Identified Class Members or Identified Preapproval Candidates using a direct access method. NMAC will submit a list of ZIP Codes to a credit reporting agency for the purpose of generating a list of potential car buyers who meet a predetermined set of non-subjective credit risk criteria. NMAC will use its best efforts to select these potential customers by targeting ZIP Code or census tracts with African-American and/or Hispanic (each as defined by the United States Census Bureau) population concentrations of at least 85%, according to the latest available information from the United States Census Bureau. To the extent NMAC is unable to generate a sufficient number of preapproval offers from such ZIP Code or census tracts, NMAC will target tracts with progressively smaller population concentrations of African-Americans and/or Hispanics.

9.8.7. Scope of Non-Active Accounts Program

The Non-Active Accounts Program will be offered at least once annually, but need not be completed for all customers simultaneously. NMAC will screen a sufficient number of prospects so that one hundred twenty five thousand (**125,000**) Preapproval No Markup Credit Offers be generated annually for a total of six hundred twenty five thousand (**625,000**) Preapproval No Markup Credit Offers during the Term of this Settlement Agreement. Certain characteristics will exclude potential car buyers from a preapproval using this method, including, but not limited to

the following: prior bankruptcy, prior auto repossession, fewer than five (5) rated trade lines, prior charge off, existing past due trade lines, consumer statements, 30+ past due on auto credit. Additional parameters will be used to increase the effectiveness of the preapprovals and to eliminate mailing errors and fraud.

Preapproval No Markup Credit Offers will be generated in the following order of priority. First, NMAC will screen the list of Identified Class Members who do not have an active NMAC account. Second, NMAC will screen the list of Identified Preapproval Candidates, but not until all eligible Identified Class Members have received a preapproval offer. Third, and only as necessary, NMAC will generate the remainder of the one hundred twenty five thousand (125,000) preapproval offers each year from the persons selected using the Zip Code and census tract process. Procedures shall be implemented to avoid the issuance of duplicative offers to the same individual in any given year and to limit the number of offers to the same individual during the term of this agreement. In no case will NMAC be required to generate more than one hundred twenty five thousand (125,000) preapprovals in any year for persons who do not have active NMAC accounts or more than six hundred twenty five thousand (625,000) during the entire Term of this Settlement Agreement.

9.8.8. Terms of the Non-Active Accounts Program

For those Class Members and other African-American and Hispanic potential car buyers preapproved according to the criteria set forth above, NMAC will issue a preapproval notification by mail. The notification will specify that the customer is preapproved for new vehicle financing at a participating Nissan dealer for a period of not less than 30 days.

The preapproval will apply only to a new Nissan vehicle.

Preapproved customers will be advised that they are approved at a fixed APR for their respective Credit Tier which will not be subject to markup. The No-Markup APR will be the lower of (1) NMAC's standard buy rates for that tier in place at the time or (2) any promotional rates offered on particular vehicles in conjunction with Nissan North America. Preapproved customers will be informed of the specific APR that they are eligible for on a model-by-model basis and will be informed of the specific APR they are eligible for on models that do not have a promotional rate. Persons who receive and accept NMAC's preapproval offers shall be eligible for financing at the specific rate(s) communicated for any term chosen by the customer between and including twelve (12) and sixty (60) month terms, except that promotional rates offered on particular vehicles may be restricted to specific promotional parameters, including contract terms.

No dealer markup of the APR will be permitted.

The offer will be contingent on the following conditions: the offerees' presentation of the preapproval certificate to a participating Nissan dealer; the offerees' signature on the certificate together with valid proof of identity; and compliance with the parameters regarding rate, term, eligible vehicle purchase, and monthly payment amount. Once issued, the preapproval offer of credit will not otherwise be contingent on any other factor, including any further creditworthiness review.

9.8.9. Agreement Regarding ECOA Compliance

Class Counsel and the Settlement Classes agree that the Preapproval No-Markup APR Programs do not violate the ECOA or any other state or federal statute or regulation prohibiting discrimination on the basis of race. Class Counsel and the Settlement Classes further agree that

they are estopped from contending in the Litigation or in any future litigation that the Preapproval No-Markup APR Program violates the ECOA or any other state or federal statute or regulation prohibiting discrimination on the basis of race.

10. Annual Certification

On or before December 31 of each year that the Settlement Agreement is in effect, NMAC will provide a certification to Class Counsel specifying that NMAC has fully complied with all the terms of this agreement for that year. The certification shall be sworn to by an officer of NMAC, shall set forth each action that NMAC was required to take during that year, and shall contain a specific description of each action taken by NMAC in compliance therewith. For each action requiring the use of any document(s), NMAC shall attach an example of the document(s) utilized to comply with the terms of the Settlement Agreement.

All parties agree that they will not challenge the jurisdiction of the Court to enforce the terms of this Settlement Agreement.

11. Class Representatives Settlement Relief

In exchange for the additional good and valuable consideration provided by the Class Representatives as set forth in 8.3, above, NMAC will pay a total of \$60,000 to the Class Representatives, to be divided as follows:

Betty and Robert Cason – \$20,000

Donald and Wanda Snead – \$10,000

Clyde and Mary Cheatham – \$10,000

Stephanie and Chawnecy Vaughn – \$10,000

Alberto Zayas – \$5000

Mario Alban Plaza - \$5000

12. Attorney Fees

Class Counsel intend to request approval of attorney fees in an amount not to exceed six (6) million dollars. NMAC (i) will not oppose any request that does not exceed six (6) million dollars, (ii) will pay any fees approved by the Court in an amount that does not exceed six (6) million, and (iii) will not appeal any approval of fees that does not exceed six (6) million dollars.

13. Costs of the Action

Class Counsel intend to petition the Court for costs of the action in an amount not to exceed four hundred ninety thousand dollars (\$490,000). NMAC will reimburse Class Counsel for expenses incurred in connection with the Litigation up to a maximum reimbursement of four hundred ninety thousand dollars (\$490,000). Class Counsel will submit an itemization of all expenses claimed. To the extent the parties disagree whether any item(s) of the claimed costs was incurred in connection with this Litigation, their dispute shall be resolved by the Court.

14. Dismissal of Litigation

In connection with the submission of this Settlement Agreement for approval by the Court, NMAC and the Settlement Class will stipulate to entry of the following orders:

14.1. Amendment of Complaint

An Order allowing an amendment of the pleadings to include Plaintiffs' Eighth Amended Complaint, attached as Exhibit D.

14.2. Modifying Class Certification Order

An Order modifying the class certification order entered on October 16, 2002, with the Court to approve the Settlement Agreement on behalf of the Settlement Classes.

14.3. Dismissal of the 8th Amended Complaint

An Order dismissing the Eighth Amended Complaint and all claims brought in that complaint with prejudice.

14.4. Entry of Order Preliminarily Approving Settlement

An Order granting preliminary approval of the Settlement Agreement and setting a fairness hearing for final approval.

14.5. Entry of an Order of Final Approval of the Settlement

An Order granting final approval of the Settlement Agreement without modification.

15. Exception for Compliance with Legislative or Regulatory Action

To the extent that any state or federal legislative or regulatory body or agency adopts legislation, regulations, or rules that govern the pricing or disclosure components of the credit transactions that are included within the terms of this Settlement Agreement, compliance by NMAC with any such legislation, regulations, or rules shall be deemed to constitute satisfaction

of the terms of the Settlement Agreement, except for the provisions set forth in 9.4, 9.6, 9.7, and 9.8 above.

16. Notices

Any communication, verifications, or notices sent by Class Counsel or a party in connection with this Settlement Agreement shall be effected by facsimile and overnight courier as follows:

To NMAC:

Robert E. Hanifen, Jr.
Senior Counsel
Nissan North America, Inc.
990 W. 190th Street, Eighth Floor
Torrance, CA 90502
Facsimile: (310)768-1199

To Plaintiffs:

Clint W. Watkins
Law Office of Clint Watkins
5214 Maryland Way
Suite 402
Brentwood, TN 37027
Facsimile: (615)376-2628

17. Entire Agreement

This Settlement Agreement contains the entire agreement between the parties and supersedes all prior understandings, agreements, or writings regarding the subject matter of this Settlement Agreement.

18. The Future of Dealer-Originated Automobile Financing

With the actions set forth in this Settlement Agreement, NMAC becomes a leader in making significant improvements in automotive finance practices. Both parties encourage other lending institutions to follow NMAC's lead in bringing positive change to the automotive buying

experience of purchasers who choose dealer-originated financing while still allowing fair and reasonable compensation to the dealers.

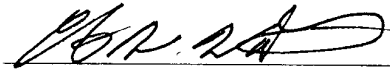
19. Signatures

The parties and their counsel may sign separate copies of this Settlement Agreement, which together will constitute one agreement.

Approved as of February 18, 2003:

Signatures of Counsel

On Behalf of Plaintiffs



One of Their Attorneys

Clint W. Watkins
Law Offices of Clint Watkins

Michael E. Terry
Terry & Gore

Wyman O. Gilmore
Gilmore Law Office

Darnley D. Stewart
Bernstein Litowitz Berger &
Grossmann, LLP

Stuart T. Rossman
National Consumer Law Center

Gary Klein
Grant & Roddy

On Behalf of Nissan Motor Acceptance
Corporation



One of Its Attorneys

Robert Hanifen
Nissan North America, Inc.

James R. Bruinsma
Dykema Gosssett PLLC

Charles J. Mataya
Boult, Cummings, Conners & Berry PLC

Anne P. Fortney
Lovells

Signatures of the Parties

Betty T. Cason

Steven Lambert, President
Nissan Motor Acceptance Corporation

Robert F. Cason

Donald Snead

Wanda Snead

Stephanie Vaughn

Chawnecy Vaughn

Clyde Cheatham

Mary Cheatham

Alberto Zayas

Mario Alban Plaza